



2021 ENDOWMENT FINANCIAL REPORT

UNIVERSITY OF WISCONSIN FOUNDATION

CEO'S MESSAGE

Greetings,

Thank you for your generous support of the university. Gifts to sustain endowed funds help ensure a bright and enduring future for the university, and we are honored to share the impact of your endowment during 2021.

The unwavering support of UW donors helped us achieve a tremendous milestone: closing our All Ways Forward campaign on December 31, 2021, with a total of nearly \$4.3 billion dollars from more than 250,000 donors. These funds are already making a difference across campus. In 2021, WFAA transferred more than \$305 million to UW–Madison beneficiaries — the largest amount in our history — to support faculty compensation, student scholarships, research, educational programs, facilities, and other vital activities. Philanthropic dollars are what enable the university to achieve distinction in the quality of the faculty and students we attract, the programs we run, and the spaces where work is done.

In 2021, the endowment returned 18.4 percent after fees, and despite some recent market volatility, we believe we are positioned well for the long term. The endowment now totals more than \$4 billion, and our total assets under management breached the \$5 billion mark. We are especially pleased to see the growth of funds that support top-performing faculty members and student scholarships, which now comprise about half of the entire endowment balance.

We are as committed as ever to maximizing philanthropic impact through expert investment management. In fall 2021, Michael Stohler joined WFAA as our new chief investment officer, following a national search. Previously, he was a managing director of investments at Washington University in St. Louis and served as managing director and international head of portfolio construction for J.P. Morgan's Wealth Management unit. With our growing base of assets under management and an experienced team under Michael's leadership, we are accessing some excellent investment opportunities that should serve our donors and the UW in the years ahead.

Thank you for your steadfast support of UW–Madison and for entrusting us with your generous investment in the university's future.



Mike Knetter
CEO

Wisconsin Foundation and Alumni Association

ENDOWMENTS AT THE UNIVERSITY OF WISCONSIN FOUNDATION

A BASE FOR EVERLASTING SUPPORT

An endowment — a cornerstone of giving — is vital to the University of Wisconsin–Madison. Many donors support the university’s academic programs and students in this way. We also appreciate members of “Badger nation” who invest in Wisconsin Athletics. And we are deeply grateful for the generosity of donors who give to our outstanding medical programs and research. Endowed funds in all of these areas are designed to provide annual income in perpetuity. The goal is to have a consistent, everlasting, and high-quality influence on the university’s mission through support for scholarships, fellowships, research, patient care, professorships, chairs, and other programs of the donors’ choosing.

Individual endowed funds are combined and invested within the endowment pool. Similar to a mutual fund, each endowed fund owns units in the pool. To preserve an endowment’s value over time, it is invested to provide a return sufficient enough to make steady annual distributions yet still grow the remaining principal to keep up with inflation.

What is an endowed fund?

- A permanent, self-sustaining source of income that provides an immediate and ongoing impact
- A gift designed to grow and provide income for the donor-designated purpose in perpetuity
- A legacy of support for the University of Wisconsin–Madison



INVESTMENT GOALS

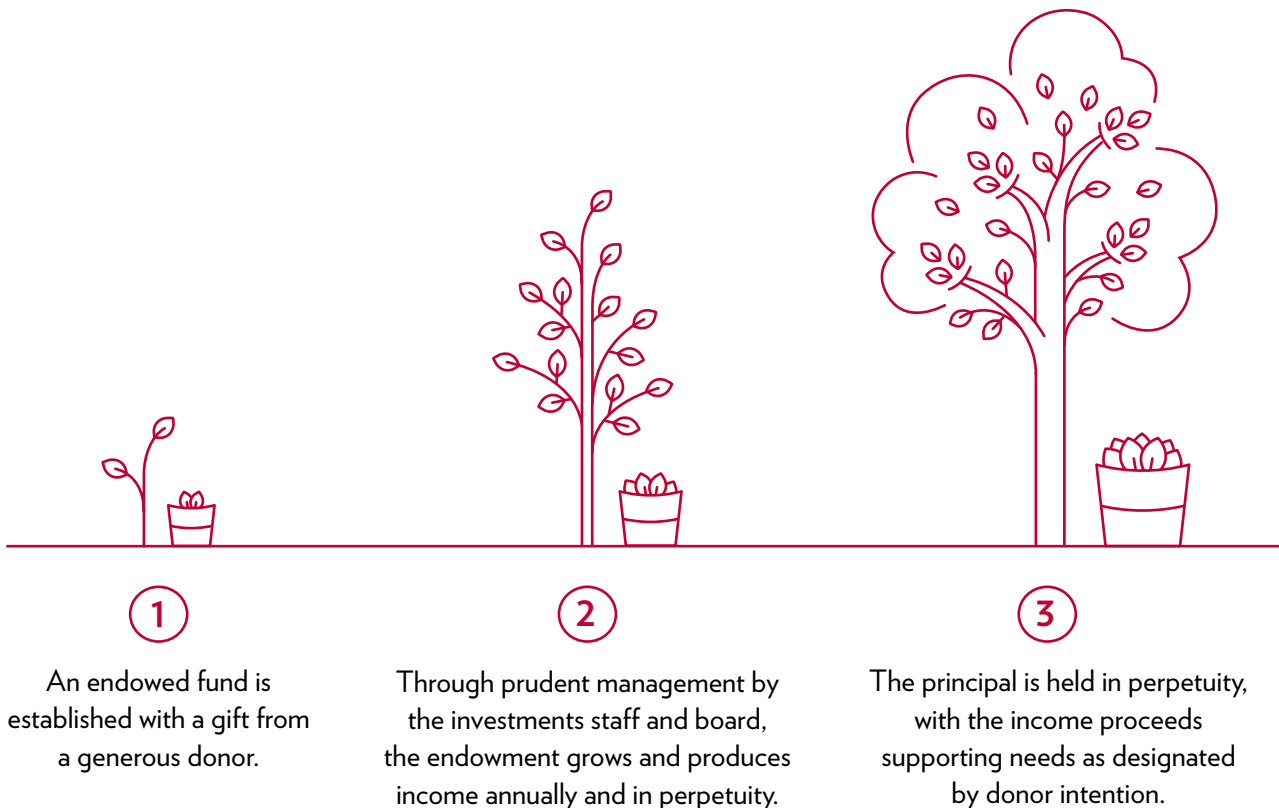
For endowed funds to remain impactful, purchasing power must be preserved over the long term. To accomplish this objective, the investment return needs to match or exceed the sum of the spending rate, the institutional advancement fee, and inflation. While seeking to maximize investment return, an equally important objective is to provide a relatively stable flow of funding. We do this by being mindful of risk and using a smoothing formula to calculate payouts. The endowment portfolio is invested in both public and private markets to achieve return objectives.

SPENDING PLAN

Endowed funds are designed to provide a relatively stable and consistent stream of income to support the university and its partners in perpetuity. Because the investment returns fluctuate in the short term, the Foundation uses a spending policy to help stabilize the income stream over time. The Foundation's spending policy currently distributes 4.5 percent of the endowment's average market value over the previous 16 quarters. The spending policy is reviewed annually by the Foundation's board of directors. The Foundation's investments team, along with members of the board's investment committee, regularly review the endowment's investment performance.

COMMITMENT

University of Wisconsin Foundation staff and the investment committee are focused on responsibly stewarding and investing philanthropic gifts. We monitor and adjust the asset-allocation targets as needed and annually review the current long-term expected return. The focus continues to be on investing gifts received so their impact is meaningful and transformative for many years to come.



ENDOWMENTS AT WORK

With the goal of recruiting, retaining, and recognizing outstanding faculty, Professor Emerita Mary Alice “Buff” Brennan created the Buff Brennan Professorship in Dance – the UW’s first endowed professorship focused solely on dance.

Photo by Bryce Richter, University Communications



2021 ENDOWMENT SNAPSHOT

TOTAL NUMBER
OF ENDOWED FUNDS

6,171

2,238

UNDERGRADUATE
STUDENTS

273

OTHER

1,642

RESEARCH
AND PROGRAMS

840

GRADUATE STUDENTS

475

PROFESSIONAL
SCHOOL STUDENTS

703

FACULTY



TOTAL DOLLARS
GENERATED FOR
UW-MADISON FROM
THE ENDOWMENT IN 2021

\$155.4
MILLION

\$57.8M

RESEARCH
AND PROGRAMS

\$39.5M

FACULTY

\$5.6M

PROFESSIONAL
SCHOOL STUDENTS

\$18.1M

OTHER

\$23.8M

UNDERGRADUATE
STUDENTS

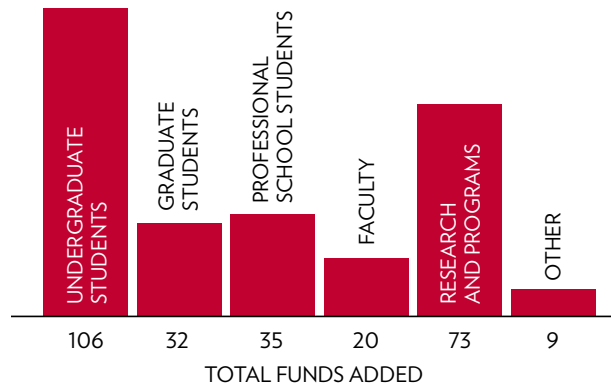
\$10.6M

GRADUATE STUDENTS



TOTAL NUMBER
OF ENDOWED FUNDS
ADDED IN 2021

275



FORWARD IS A DIRECTION, NOT A DESTINATION

At the start of the All Ways Forward comprehensive campaign in October 2015, the primary fundraising focus was divided among four vital pillars: student support, educational experience, faculty excellence, and research and innovation. More than a quarter million donors generously contributed, creating endowed funds and moving the university forward in countless ways.



STUDENT SUPPORT

Music + Math = Love

A UW degree can open doors to a dream career, but for some, cost is too big an obstacle, forcing students to compromise or even give up their ambitions. Barbara and Maurice MS'52 Aegerter hope that future generations of Badgers won't have to sacrifice as they did.

Barbara and Maurice met and fell in love while studying at the UW. Maurice was attending graduate school, working as a teaching assistant to help cover his tuition costs. He was dedicated to his studies in mathematics, but when funding for teaching assistants was reduced, he had no choice but to drop out until he could obtain the funding he needed.

Barbara grew up in the rural Midwest and had dreams of pursuing music at the university. During her freshman year at the UW, she was steered toward the more "practical" sciences, which she did not find fulfilling, and eventually, she left school to marry Maurice.

Because of these experiences, Barbara and Maurice have committed to paving the way for future Badgers to chase their music and mathematical dreams. "I have chosen to establish a scholarship fund in the Department of Mathematics," Maurice shares, "and included the UW in my will, to help any student finish their studies undeterred by financial constraints."

Barbara's experience, coupled with the challenges she encountered along the way, inspired her to support other UW students' musical passions so that they might avoid the same setback. "I have established a scholarship fund for students in the Mead Witter School of Music to enable students to follow their passion."



EDUCATIONAL EXPERIENCE

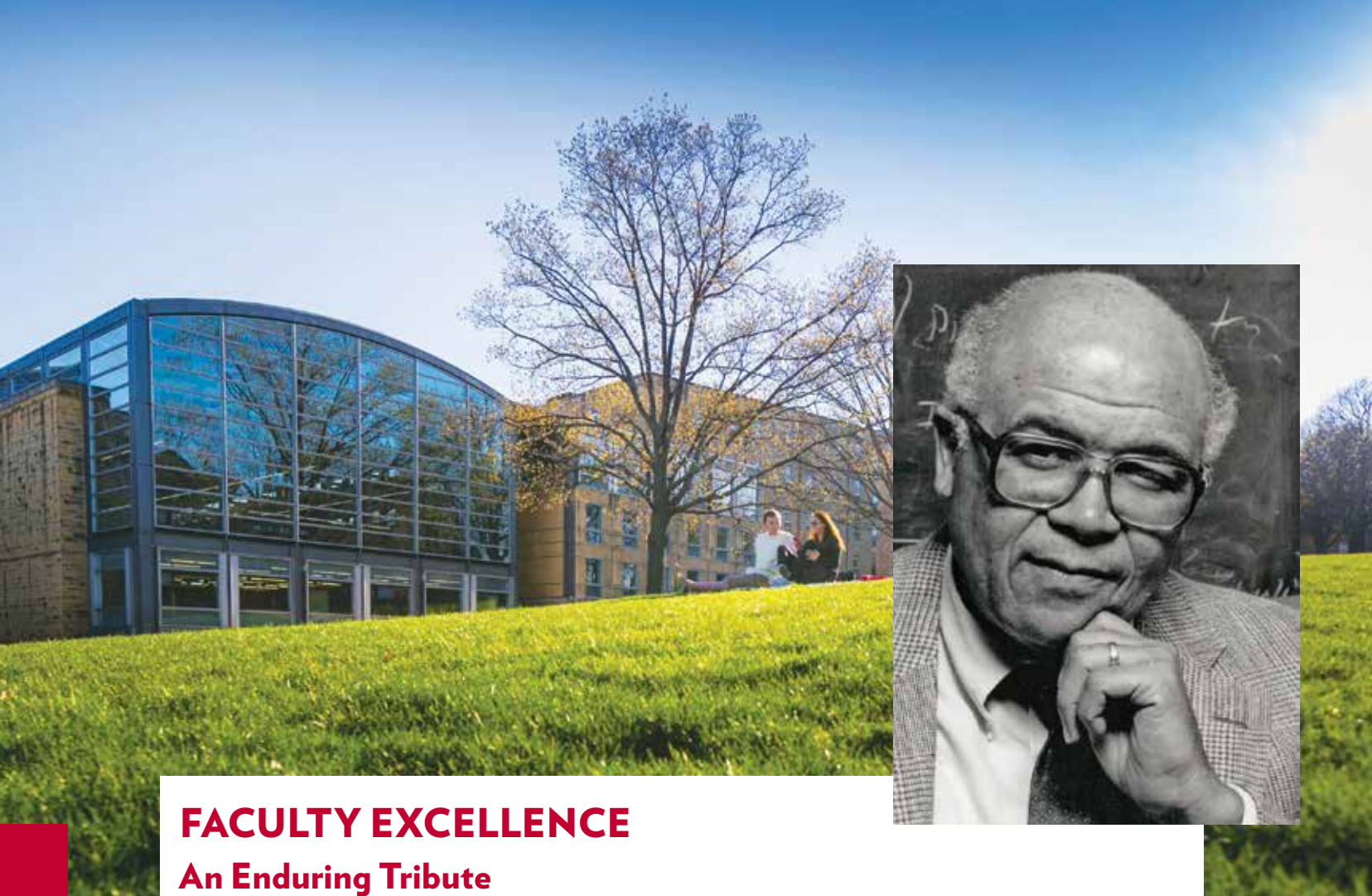
Empowering Future Generations

At just 25 years old, Kramer Endres '17 became the youngest donor to pledge an estate gift to the UW. He forged a connection with the UW long before he became a Badger. Growing up on Lake Wisconsin, Endres was diagnosed early in his life with spastic quadriplegic cerebral palsy, undergoing many surgeries at UW Hospital. Despite his physical challenges, Endres was not deterred from his long-term goals.

A childhood love of math led him to pursue a degree in actuarial science at the Wisconsin School of Business. Maneuvering through college can be challenging on its own, but when one's main source of mobility is a power wheelchair, campus resources become even more vital. Endres remains deeply grateful for all the opportunities he had at the university, including getting involved with student organizations like Advocates for Diverse Abilities and seeking accommodations from the McBurney Disability Resource Center.

Those experiences led him to commit to a bequest in support of the McBurney Disability Resource Center. The center works with more than 2,600 people per year, sustaining vital collaborations with students and faculty to create a more accessible and inclusive campus environment where every Badger can engage, explore, and participate in the Wisconsin Idea.

"You are never too young to start planning your estate or start thinking of ways you can give back. Giving back is a great way to show your support to others and help them in times of need," Endres shares. "I'm very thankful for the opportunities I have been given over the years and want to see other people with disabilities go out and enjoy the many things life has to offer."



FACULTY EXCELLENCE

An Enduring Tribute

The late Professor James E. Jones Jr. LLB'56 was a visionary and a trailblazer for civil rights, labor law, and UW Law School. He returned to the university in 1969 to become UW Law School's first African American faculty member. A passionate educator, Jones went on to create a teaching fellowship in 1973 in support of underrepresented faculty pursuing tenure-track positions. UW Law's William H. Hastie Teaching Fellowship remains the oldest program of its kind — and nationally, it is one of just a handful in existence.

A firm believer in the Wisconsin Idea, Jones retired from the UW in 1993 but continued teaching labor law and labor arbitration as professor emeritus until 1997. What began after his death in 2014, and continued over the next seven years, was an incredible feat of philanthropy. A group of 99 alumni and donors banded together to bolster his legacy and established the most significant endowed position for UW Law School. The James E. Jones Jr. Chair in Law is the UW's first fully funded chair named in honor of an African American faculty member, focusing on racial justice as well as labor and employment law.

UW Law School hopes to award it for the first time in fall of 2022. "Professor Jones was a towering figure at the law school. The chair bearing his name will continue his memory and legacy here forever," says Dean Emerita Margaret Raymond. "It is a powerful reminder of a great teacher, mentor, leader, and colleague."



RESEARCH AND INNOVATION

America Needs Nurses

By 2030, the American health care system will need a million new nurses, and the UW School of Nursing is working to mitigate that shortage with a supply-meets-demand approach. The school launched an accelerated bachelor of nursing program in 2017 that is now training students to become registered nurses in just 12 months. Guided by first-rate faculty and clinical experts, students gain concept-based knowledge and apply it through hands-on experiences in lab simulations and real-world care situations.

Scholarships established through the All Ways Forward campaign ensure that more students will have access to this program so they can swiftly get from the classroom to the front lines of hospitals and clinics. These scholarships came from a generous grant contributed by the venerable Helene Fuld Health Trust, which created an endowment that will provide ongoing financial aid to selected Badgers in the fast-tracked program for years to come.

The Helene Fuld Health Trust is the nation's largest private funder devoted exclusively to nursing students and their schooling, supporting and promoting their health, well-being, and education. As the endowment grows and students continue to gain greater access to an enhanced education in health care, it will profoundly impact the future of nurses across the nation.

“As we grow our programs to educate more nurse leaders to meet health and workforce needs,” says Dean Linda Scott of the UW School of Nursing, “we are grateful to the Helene Fuld Health Trust for helping to make this pathway to the profession financially accessible for our students.”

ENDOWMENTS AT WORK

Remarkable philanthropic efforts helped build the new Meat Science and Animal Biologics Discovery Building.

Photo by Michael P. King, UW-Madison CALS



INVESTMENTS PERSPECTIVE

Greetings,

Equity markets continued to drive gains in the endowment portfolio in 2021. Core fixed-income benchmarks posted negative returns, and low yields continue to make this asset class an unattractive area for long-term investments. Equities were boosted by strong corporate profits, which exceeded expectations as strong consumer spending and corporate inventory restocking more than offset pressures from supply chain dislocations and labor shortages. Monetary policy remained loose in the developed world, further boosting equity valuations. Global returns were led by the United States, while China was the only major market to post negative returns, as a harsher regulatory environment and efforts to reign in real estate developers hurt investor confidence.

By the end of 2021, concerns about non-transitory inflation and implications for interest rates started to express themselves in equity multiples and are things we will watch in 2022. With that said, we continue to invest the endowment portfolio for the long term and are much more focused on secular growth trends than market timing.

Our endowment portfolio balances liquid, low-risk investments, such as cash and U.S. Treasuries, with other investments that have the ability to compound capital at high rates of return. Together with our investment partners, we are seeing compelling opportunities to deploy capital around the world.

Starting last September, the UW Foundation began a process of enhancing its investment team, infrastructure, and partnerships as a means to generate better investment outcomes and increase financial support. Because of the size and strategic importance of the endowment portfolio, we are committed to ensuring that we have best-in-class talent and resources to oversee its investments. In addition, we have renewed our commitment to partner with the University of Wisconsin–Madison by leveraging its strengths to help identify trends and opportunities.

The UW Foundation endowment portfolio returned 18.4 percent in 2021 and has compounded at 57.8 percent and 75.3 percent over the last three and five years respectively. Outcomes like these translate directly to increased support for the university. Thank you for your generosity and continued support.



Michael Stohler
Chief Investment Officer
Wisconsin Foundation and Alumni Association



ENDOWMENTS AT WORK

Dave '76, MS'78 and Sarah '78 Epstein generously funded the Epstein fellowship, which focuses on raising awareness of the social consequences of modern technological advancements. It's a perfect way for UW students to explore how engineers can responsibly affect society.

Photo by Jeff Miller, University Communications

ASSET ALLOCATION AND INVESTMENT PERFORMANCE

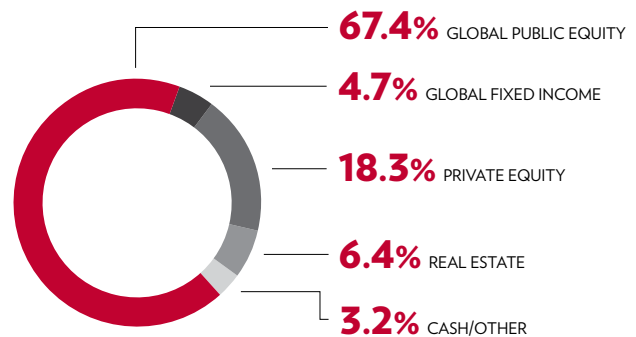
INVESTMENT PERFORMANCE*

Annualized for periods ending December 31, 2021

1 YEAR	18.4%
3 YEARS	16.4%
5 YEARS	11.9%
10 YEARS	9.7%

*Net of external manager fees

ASSET ALLOCATION AS OF DECEMBER 31, 2021



The University of Wisconsin Foundation endowment portfolio's current asset allocation is shown in the graph above. The asset allocation strategy has been established by the Foundation's board of directors and is reviewed at least quarterly to ensure that the portfolio's investment and diversification objectives are met.

Grace Cheptoo MSx'22, a geospatial data scientist, traveled to Kenya to pursue her master's degree in environmental observation and informatics through the Nelson Institute. Her UW education is fully funded by scholarships, thanks to donors to the Environmental Futures Fund.

Photos by Grace Cheptoo



YOUR IMPACT: ENDOWMENTS AT WORK



“Despite all the adjustments that were made due to the pandemic, my first year of medical school was nothing short of incredible. I learned so much and met some amazing people. It is because of scholarships like this that I am able to enrich my education and focus on becoming a fantastic physician and leader in my community. I am so grateful to be where I am. Thank you so much for supporting me.”

Cory Call '19, MDx'24

School of Medicine and Public Health



“I'd like to express my sincere gratitude for your support of the Enid and Jerry Weygandt Professorship in Pediatric Critical Care. I am honored and humbled to be the first recipient of this professorship. Your generosity is inspiring, and I promise that I will do everything I can to maximize its impact to improve the lives of children affected by critical illness.”

Peter Ferrazzano

Enid and Jerry Weygandt Professor in Pediatric Critical Care
Chief of Pediatric Critical Care Medicine



“Students all over the world are dreaming of an education that can change their lives and provide them with opportunities they didn’t have growing up. This scholarship has made that education possible for me and provides the entire experience that accompanies this period of life.”

Shaniya Auxier x’22

Psychology



“I grew up in a single-parent, low-income household and wasn’t expected to go far in life. Being a first-generation college student at this prestigious university shows I am beating the odds. I am so thankful.”

Melanie Spencer x’23

Communication Arts



“I cannot thank you enough for supporting other people’s goals and dreams. This is not only money that is going toward my tuition — it is also something that is going to help me with my future career and life path. Thank you for being such kindhearted people. These funds are going to a great cause, and I will be proof of that.”

Trevon Abbott x’23



“Most people don’t understand the effects of generational poverty or the immense pride that comes with breaking out of it. To provide someone with this ability is beyond incredible.”

Kora Zoe Quinn x’23

English, Journalism



“Thanks to the generosity of UW Health Kids American Family Children’s Hospital donors, I’m able to provide music therapy services. Donations help supply instruments, music technology, and adaptive equipment to make music accessible to anyone. Our donors also help create moments in time where pain or anxiety is alleviated not only for the child, but for their whole family. Every day, I see the power of music bring a mother and her baby closer, a child come out of his shell, or a smile appear that hasn’t been seen in days. Thank you for helping me create these moments.”

Carly Ramthun

American Family
Children’s Hospital

*Photo opposite page top:
World-renowned academics, vital research, medical innovation, and remarkable patient care continue at UW Health and the UW School of Medicine and Public Health.*

Photo by Bryce Richter, University Communications

CONTACTS

Whom should I contact if I have further questions?

For general questions about your fund, contact Brian Hettiger '90 at 608-345-0031 or brian.hettiger@supportuw.org.

For questions about investments, contact David Golden '93, MA'97 at 608-219-8772 or david.golden@supportuw.org.

GLOSSARY

ENDOWMENT MARKET VALUE is the value of an endowed fund at a particular point in time. The endowment market value includes the market gain (or loss) during the year and is reported net of spend plan allocation, the institutional advancement fee, and spending from principal, if applicable. Spending from principal may be allowed with donor permission.

GIFT ADDITIONS refers to the total value of all cash gifts added to the endowed fund during the year. Cash gifts are typically received via check or credit card.

INSTITUTIONAL ADVANCEMENT FEE is the primary source of revenue funding the Foundation's general operations in support of the university and its partners' mission. Annually assessed at 1 percent, this fee is below the median of other independent foundations that support public universities and their partners. The fee has been at 1 percent for several decades.

INVESTMENT RETURN represents the market performance — i.e., gain (or loss) — of the fund during the calendar year. All endowed funds are invested in the endowment portfolio and thus are subject to market fluctuation. Investment returns are reported net of investment-related costs.

OTHER ADDITIONS is a category that includes stock gifts, donor-challenge matching funds, gifts of real estate or other property, and transfers added to the endowed fund during the year.

OTHER DEDUCTIONS include fund transfers, spending from principal, and any other deductions removed from the endowed fund during the year.

REINVESTED INCOME is generated income that is occasionally reinvested, at the donor's request, back into the endowed fund. Reinvested income is generally not available to be spent.

SPEND PLAN ALLOCATION is a board-determined policy specifying that a certain percentage generated by endowed funds be allocated to the program or purpose specified by the donor. The spend plan currently distributes 4.5 percent of the endowment's average market value over the previous 16 quarters. Utilizing a 16-quarter moving average provides a stable income stream, helping the university and its partners with annual budgeting. A fund with a \$100,000 market value annually generates approximately \$4,500 for the university to spend.

SPEND PLAN ALLOCATION INCEPTION TO DATE is the income that has been generated since the fund was established. This income has been made available to be spent in accordance with the fund's purpose, which was specified by the donor. Endowed funds are designed to have an impact in perpetuity. These funds are cumulative and generate income annually.

Photos page 6: Barbara and Maurice Aegerter, photo courtesy of the Aegerter family; Corey Pompey conducts the UW wind ensemble during a student collage concert at the Hamel Music Center, photo by Brian Huynh, University Communications. Photo page 7: Kramer Endres, photo courtesy of the Endres family. Photos page 8: a view of UW Law School from Bascom Hill, photo by Andy Manis; Professor James E. Jones Jr., photo courtesy of UW Law School. Photo page 9: School of Nursing students attend a lecture, photo by Bryce Richter, University Communications.



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